

Message Text

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ACTION STR-04

INFO OCT-01 STRE-00 IO-13 AF-10 ARA-06 EA-07 EUR-12
NEA-10 OIC-02 FEA-01 AGR-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05
SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01
ISO-00 /141 W

-----121933Z 069633 /40

P R 121815Z MAY 77
FM USDEL MTN GENEVA
TO SECSTATE WASHDC PRIORITY 2455
INFO AMEMBASSY OTTAWA
USMISSION EC BRUSSELS

LIMITED OFFICIAL USE SECTION 1 OF 2 MTN GENEVA 3680

ACTION STR

H PASS CODEL

STR PASS POMERANZ

E.O. 11652: NA
TAGS: ETRD MTN
SUBJ: EC REACTION TO CANADIAN GOVERNMENT PROCUREMENT DRAFT

REF: A. STATE 86798, B. USEC BRUSSELS 4588

1. SUMMARY: EC GOVERNMENT PROCUREMENT SPOKESMAN DERIS-
BOURG CALLED ON MTN DEL TO OFFER EC REACTION TO CANA-
DIAN DRAFT GOVERNMENT PROCUREMENT PAPER. EC POSITION
IS THAT THERE WERE BOTH POSITIVE AND NEGATIVE ASPECTS
ABOUT THE CANADIAN DRAFT. WHILE THE EC BELIEVES THAT
IT IS TOO EARLY TO TABLE THE INITIATIVE, THE "POSITIVE"
ASPECTS COULD BE INCORPORATED IN OUR WORK. IN REGARD
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TO HOW TO PROCEED, DERISBOURG SUGGESTED A HIGH LEVEL
MEETING TO PLOT MTN STRATEGY TO BE FOLLOWED BY EXPERT
LEVEL MEETING ON GOVERNMENT PROCUREMENT BEFORE SUMMER
BREAK. END SUMMARY.

2. DERISBOURG WAS IN GENEVA TO GIVE US AND CANADA
EC REACTIONS TO CANADIAN DRAFT GOVERNMENT PROCUREMENT

PAPER. HE INDICATED THAT THESE COMMENTS WERE COMPILED IN CONSULTATION WITH THE MEMBER STATES. DERISBOURG STATED THAT THERE WERE BOTH POSITIVE AND NEGATIVE ELEMENTS IN THE CANADIAN DRAFT. HE INDICATED THAT THE POSITIVE ELEMENTS WERE 1) DISPUTE SETTLEMENT; 2) TENDERING PROCEDURES AND 3) THE PROVISIONS FOR TECHNICAL SPECIFICATIONS. WITH REGARD TO THE DISPUTE SETTLEMENT SECTION, DERISBOURG INDICATED THAT HE COULD SEE SOME CONVERGENCE BETWEEN THE US AND EC APPROACHES, AND THE CANADIAN DRAFT OFFERED A POSSIBLE COMPROMISE. AS TO TENDERING PROCEDURES, DERISBOURG FELT THAT THE DRAFT CANADIAN LANGUAGE WAS "MORE DETAILED AND PRECISE" THAN THE OECD DRAFT AND THEREFORE WAS A SIGNIFICANT IMPROVEMENT. FINALLY, THE SECTION ON TECHNICAL SPECIFICATIONS COULD BE A USEFUL TIE-IN TO THE DRAFT STANDARDS CODE.

3. ON THE NEGATIVE SIDE, DERISBOURG NOTED THAT HE DID NOT LIKE THE SPECIFIC REFERENCES TO GATT ARTICLES 1 AND 3 IN THE NON-DISCRIMINATION SECTION OF THE PAPER. HE NOTED THAT 1) SUCH SPECIFIC REFERENCE TO THE GATT CAUSED PROBLEMS IN AGREEMENTS SUCH AS EFTA AND THE COMMON MARKET WHICH THEY HAD NOT YET WORKED OUT, AND 2) THIS WOULD CAUSE PROBLEMS IN THEIR AGREEMENTS WITH EASTERN EUROPEAN COUNTRIES. FURTHER, THE EC FEELS SUCH CODES SHOULD BE SELF-CONTAINED AND BE ABLE TO STAND ALONE. AS EXPECTED, DERISBOURG ALSO HAD DIFFICULTIES WITH THE DETAILED PROVISIONS IN THE CANADIAN DRAFT FOR EX-POST PUBLICITY. SPECIFICALLY, DERISBOURG LIMITED OFFICIAL USE

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NOTED THAT THIS SECTION MOVED AWAY FROM THE SORT OF COMPROMISE THAT HAD BEEN DISCUSSED BILATERALLY WITH THE US AND WAS A STEP BACKWARDS FROM REACHING AGREEMENT. HE REITERATED THAT THE EC HAD COME AROUND TO ACCEPTANCE OF DISSEMINATION OF EX-POST INFORMATION TO OTHER SIGNATORIES OF A CODE, BUT COULD NOT ACCEPT SUCH DETAILED PUBLICATION OBLIGATIONS AS IN THE CANADIAN DRAFT. HE DESCRIBED HIS OTHER NEGATIVE COMMENTS ON THE CANADIAN DRAFT AS MINOR AND SUBJECT TO POTENTIAL COMPROMISE. FOR EXAMPLE, HE NOTED DIFFICULTIES WITH THE LIST OF ENTITIES TO BE COVERED BY THE CANADIAN DRAFT, THE NEW "BEST EFFORTS" LANGUAGE, AND THE NEW LIST OF SINGLE TENDERING PROCEDURES. DERISBOURG ALSO NOTED THE ABSENCE OF ANY S&D PROVISIONS AND A SAFEGUARD CLAUSE OR TEMPORARY DEROGATION PROCEDURES. HE STATED THAT THE EC WOULD NEED SUCH DEROGATION FOR AREAS SUCH AS BERLIN AND THE MIZZOGIORNO REGION OF ITALY.

4. AS A TACTICAL MATTER, DERISBOURG SAID HE TOLD THE CANADIANS

THAT THE EC DOES NOT FAVOR TABLING OF THEIR PAPER BEFORE THE JUNE MTN GOVERNMENT PROCUREMENT MEETING. HE WOULD PREFER, INSTEAD, TO HAVE A SERIES OF BILATERAL DISCUSSIONS OF THE ISSUES RAISED IN THE CANADIAN DRAFT, TRY TO WORK OUT AREAS OF COMPROMISE AND AVOID DIRECT "DEVELOPED COUNTRY" CONFRONTATION IN THE MTN MEETING. HE FEELS THAT IF THE PAPER IS TABLED TOO EARLY THERE WOULD BE LESS CHANCE OF REACHING COMPROMISES AND PROGRESS IN THE GOVERNMENT PROCUREMENT NEGOTIATIONS WOULD BE IMPEDED. DERISBOURG DID INDICATE THAT IF THE CANADIANS FELT THEY HAD TO TABLE SOMETHING PRIOR TO THE JUNE MEETING, HE WOULD NOT OBJECT TO HAVING THEIR DISPUTED SETTLEMENT SECTIONS TABLED. HE CONCLUDED BY STATING THAT HE IS UNWILLING TO AGREE THAT THE EC COULD USE THE CANADIAN DRAFT AS A BASIS FOR NEGOTIATIONS, BUT FEELS THAT A NEGOTIATING DOCUMENT COULD BE DEVELOPED THAT UTILIZES ELEMENTS OF BOTH THE OECD DRAFT CODE AND RELEASERED OFFICIAL USE

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VANT MODIFIED CANADIAN SECTIONS.

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ACTION STR-04

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AF-10 ARA-06
EA-07 NEA-10 OIC-02 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05
SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01
FEA-01 /136 W

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P R 121815Z MAY 77
FM USDEL MTN GENEVA
TO SECSTATE WASHDC PRIORITY 2456
INFO AMEMBASSY OTTAWA
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5. MTN DEL (NEWKIRK) INDICATED THAT THE US FELT THE GOVERNMENT PROCUREMENT NEGOTIATIONS WERE SOMEWHAT STALLED, AND THAT THE JAPANESE AND CANADIAN CONTENTION THAT THEY HAD NO COMMITMENT TO THE WORK DONE IN THE OECD WAS NOT HELPFUL. ACCORDINGLY, OUR PRIMARY OBJECTIVE AT THIS TIME IS TO AGREE ON A NEGOTIATING DOCUMENT WHICH WILL ALLOW US TO MOVE THE NEGOTIATIONS ALONG. MTN DEL INDICATED THAT THE US WAS FLEXIBLE AND WOULD CONSIDER ANY DOCUMENT THAT WILL RESULT IN PROGRESS IN THE NEGOTIATIONS. TO AVOID POSSIBLE MISUNDERSTANDING, MTN DEL THEN GAVE EC A SUMMARY OF US COMMENTS ON CANADIAN DRAFT PER REF A.

6. WITH REGARD TO THE JUNE SUBGROUP MEETING, THE EC SEES IT AS ESSENTIALLY AN EDUCATIONAL MEETING FOR LDCS AND ANTICIPATES LITTLE SUBSTANTIVE PROGRESS. DERISBOURG SEES THE FIRST STEP IN MOVING GOVERNMENT PROCUREMENT NEGOTIATIONS ALONG TO BE CONSULTATIONS AT A HIGH LEVEL TO DEVELOP A GENERAL STRATEGY FOR THE NEGOTIATIONS, FOLLOWED BY MEETINGS AT THE TECHNICAL OR LIMITED OFFICIAL USE

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EXPERT LEVEL. HE NOTED THAT AT THIS SECOND STAGE MEETING, THE EC WOULD BE ABLE TO INFORMALLY SHOW THE US SOME OF THEIR DRAFTS ON "COMPROMISES" FOR DISPUTED ISSUES. HE SAID THESE DRAFTS ARE "NOT YET READY" TO BE DISCUSSED WITH US BUT THAT THEY REPRESENT GENUINE COMPROMISES THAT MOVE TOWARDS THE US POSITION. HE DOES INTEND TO DISCUSS THESE DRAFTS WITH THE US PRIOR TO GOING TO THE MEMBER STATES WITH THE COMMISSION POSITION. DERISBOURG CONFIRMED STATEMENT REF B THAT MEMBER STATE PRESSURE FOR OECD MEETING HAD DECLINED.

7. IN A PARTING SHOT, THE EC REPRESENTATIVES MENTIONED THE APPARENT CONTRADICTIONS IN US POSITIONS BY NOTING THE "BUY AMERICA PROVISIONS" OF HR 11, THE PUBLIC WORKS BILL, AND ALSO CITING CERTAIN NEW COAST GUARD REGULATIONS WHICH WOULD REQUIRE BUYING AMERICAN PRODUCTS.

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Message Attributes

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